



CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

FACULTY OF ECONOMICS AND MANAGEMENT

Department of Management

BUSINESS PLAN FOR AN eSHOP

TRADING CZECH MADE

GLASS CHRISTMAS DECORATIONS

BACHELOR THESIS

Executive Summary

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Introduction

The aim of the following pages is to summarise a business plan for an E-shop trading in Czech made glass Christmas decorations and to give an overview of the theories essential to supportive of creating such a plan.

Methodology

Secondary sources such as journal articles, print publications and primary sources such as the legal Acts have been drawn upon in the literature review. The subsequent business plan utilizes analytical tools such as SWOT, PEST. Excel spreadsheets were used to execute the financial data analysis. Observations and on upon them based comparisons were conducted mostly in.

Literature Review

The Literature Review focuses on small businesses in the Czech Republic, the relevant legal context in the Czech Republic, requisites of a business plan, E-shops and the status of Czech Christmas decorations in foreign markets.

Small Business

The concept of the small business is defined within the context of micro, small and medium businesses. How small businesses can influence society and contribute to local economic development is considered. In addition, the effect of the recent economic crisis on small business and how such businesses strive to enter on a foreign market is addressed.

Relevant Legal Environment in the Czech Republic

This section explores the legal framework of business environment in the Czech Republic by looking at the relevant Acts, defining legal subjects eligible to conducting a business activity (Natural and Artificial Person) as well business forms which these subjects can conduct their activities through. The personal, financial and operational or tax related to choice of a business form are considered in a tabular comparison. Moreover Licensed Sole Trader (OSVC) and Limited Liability Company (SRO) are explored further as viable options for the purpose of this particular business plan.

The areas of accounting, tax and insurance are then investigated in order to establish a theoretical basis for the business plan. Acts pertaining to the current situation regarding obligatory financial contributions in the Czech Republic are elaborated upon especially those concerning income taxation, VAT, health and social insurance. The costings for tax and insurance are analysed in a table based on an excel calculator created by the author according to regulations effective in 2015.

Business Plan

The overall aims of the business plan (BP) are to produce a document that can be used to acquire funding, nonfinancial resources and/or to construct a realistic business strategy. The document should always cover the following areas: description of the business idea and its means of arriving to profitability, marketing plan, competitor analysis, financial plan with three year projections and a risk assessment. Analytical tools advised to be employed in completing a business plan are SWOT, PEST and Marketing Mix.

E-Shop

The concept of the E-shop fits within the wider context of e-commerce. E-commerce involves the buying, selling or exchange of products or services in an electronic marketplace. The E-shop itself is the electronic storefront of such activity. Critical factors to consider when engaging in e-commerce are search engine optimization, technological solutions and legislation concerning online trading.

Foreign Demand for Glass Decorations

Explores the foreign market for glass Christmas tree ornaments to date and global strategies for such markets. The foreign demand for Czech glass Christmas decorations has a long history going back to the 1930s and is well established in countries such as the UK, USA and Belgium.

Practical Part – A Business Plan

Executive Summary

Introduces an exciting proposal of a high quality Christmas decoration E-shop with the working name [GLASSDECO].

Vision, Mission and Strategies

Aiming for its hand-made products to become a true family heirloom the business intends to provide a large top-end selection where the sophistication of the design is followed by the excellence of its manufacture. Goals are identified to ensure monitored arrival to a fulfilment of the projects' mission and vision. These include assuring safe and sound deliveries, high level of repeated custom, proactive product innovation and others. SWOT and PEST analysis are presented in this section. The owners' five year long experience of the industry is listed among strengths. Finally the strategic plan offers an overview of particular steps to be followed in order to establish and run the business.

Products and Services

This section details what is unique in the design and manufacture of the glass Christmas decorations that will attract the customer to buying the product. In addition services such as personalisation will ensure a wide ranging customer experience and enhance the likelihood of repeat buys.

Sources of Revenue

Identifies the product as a sole source of revenue and offers projections of expected sales volumes and their spread within the calendar year. It is expected that 99% of the annual revenue will be generated during the 5 month period in the run up to Christmas.

Future Opportunities

Future opportunities lie in the deeper penetration of a specific country's market by launching local domains, developing own production of glass decorations and participation in the physical Christmas markets of the countries in which the E-shop will be well established.

Marketing Plan

Market Analysis, size and share projections

The market size is estimated by the annual number of Christmas trees sold in Europe – 60million. After taking into account other than glass preferences for tree dressing the European market is estimated to represent a tenth of the number of trees sold – 6 million. To achieve the projected revenues for the initial three year period the business needs to reach about 600 of tree owners.

Competition

Competitors are looked at in the Czech Republic, Germany, Italy and the United Kingdom. As most threatening are identified competitors with their own production – however these usually are larger producers concentrating more on wholesale customers rather than end individuals. [GLASSDECO] aims to differ not only by superior product range but also by attention to the catalogue and cart environment.

Customer Profile

The focus will predominantly be on a female member of a middle to upper-middle class family or a young professional couple.

Sales and Pricing strategy

Annually 10% of projected revenue will be employed on marketing campaigns in order to reach new and to secure repeated custom. This budget will be spent on on-line and magazine advertising campaigns as well as on personalised promotion gifts etc. Apart from this, the firm will concentrate heavily on building up a community sharing an experience brought by [GLASSDECO] via deployment of all major social media. Finally, efforts will be made to have promotional releases published in local media. Price for the product will be a reflection of its quality and will inspire confidence in its exclusivity.

Operations plan

This section addresses a situation around facilities the E-shop will be conducting its activities from and the levels and operations tied with inventory. Lastly, the management and administration aspects of the business are explained, which due to it being owned and run by one person, legally established as a licensed sole trader, are straightforward and simple.

Financial plan

Conservatively prepared overview of the project's financial side. Including a start-up costs summary; costs and a break-even analysis, income statement and cash flow projections. This sections findings based on estimated projections show that the idea should result in a profit by the end of the second year. The annual cash flows show a positive balance however if analysed quarterly - the third quarter is a risky period due to larger expenses connected to order payables.

Risk Assessment

Major risks representing potential threats to a survival of the project were identified as follows: A lack of demand is a risk which if of an origin rooted in the business itself, can be corrected by revision of used strategies. Competition was acknowledged to be like a fire – it is good servant (source of motivation, inspiration) but bad master and therefore it is necessary stay vigilant and monitor its behaviour. Exchange rate is another tricky area – if it moves in a wrong direction a proportion of revenues will simply evaporate. It is advised to monitor its developments.

Conclusion

Thus undertaking a business plan has proven the necessity of reviewing current business theory and from a practical point of view producing in depth strategies and projections not just to detail the initial implications of the project but to ensure a basis on which the business can successfully grow.

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